Lake of the Woods District Hospital Foundation
Financial Statements
March 31, 2026

Contents

To the Board of Lake of the Woods District Hospital Foundation:

Qualified Opinion

We have audited the financial statements of Lake of the Woods District Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, net assets as at April 1 and March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Foundation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Kenora, Ontario

Chartered Professional Accountants

June 19, 2026

Licensed Public Accountants

Lake of the Woods District Hospital Foundation
Statement of Financial Position
As at March 31, 2026

	2026	2025
Assets		
Current		
Cash *(Note 2)*	**2,852,825**	2,481,658
Accounts receivable	**9,114**	13,374
Prepaid expenses and deposits	**24,592**	23,510
	2,886,531	2,518,542
Capital assets *(Note 3)*	**35,932**	48,998
Investments *(Note 4)*	**2,261,252**	2,486,152
	5,183,715	5,053,692
Liabilities		
Current		
Accounts payable and accruals *(Note 5)*	**1,150,145**	880,969
Deferred contributions	**35,000**	54,571
	1,185,145	935,540
Net Assets		
Invested in capital assets	**35,932**	48,998
Unrestricted net assets	**891,920**	203,784
Externally restricted assets (Donor Designated Funds)	**1,384,056**	2,178,537
Internally restricted funds endowed by the board	**1,686,662**	1,686,833
	3,998,570	4,118,152
	5,183,715	5,053,692

Approved on behalf of the Foundation

Director

Director

The accompanying notes are an integral part of these financial statements

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Lake of the Woods District Hospital Foundation
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2026

	General Fund	*Donor Designated Fund*	*Endowment Fund*	*2026*	*2025*
Revenue					
Donation and fundraising					
General	**1,096,914**	**3,441,303**	**-**	**4,538,217**	4,131,051
50/50 draws	**518,267**	**-**	**-**	**518,267**	384,093
Donated goods and services	**99,988**	**-**	**-**	**99,988**	109,941
Investment income					
Dividends and interest	**97,492**	**-**	**79,136**	**176,628**	126,671
Realized capital gains	**-**	**-**	**2,954**	**2,954**	33,789
	1,812,661	**3,441,303**	**82,090**	**5,336,054**	4,785,545
Expenses					
Amortization	**13,066**	**-**	**-**	**13,066**	13,066
Bank charges and fees	**19,394**	**-**	**-**	**19,394**	17,330
General fundraising	**153,289**	**1,396**	**-**	**154,685**	186,309
50/50 draw expenses	**62,894**	**-**	**-**	**62,894**	57,300
50/50 draw payouts	**274,750**	**-**	**-**	**274,750**	252,140
Investment management fees	**944**	**-**	**17,832**	**18,776**	17,886
Postage and office	**37,913**	**-**	**-**	**37,913**	28,569
Printing and advertising	**41,381**	**53,518**	**-**	**94,899**	73,665
Professional fees	**17,259**	**39,046**	**-**	**56,305**	153,155
Travel and education	**7,565**	**80**	**-**	**7,645**	3,082
Wages and benefits	**303,819**	**-**	**-**	**303,819**	298,132
	932,274	**94,040**	**17,832**	**1,044,146**	1,100,634
Excess of revenue over expenses before other items	**880,387**	**3,347,263**	**64,258**	**4,291,908**	3,684,911
Transfers to the Lake of the Woods District Hospital	**(198,206)**	**(4,141,744)**	**-**	**(4,339,950)**	(2,046,863)
Change in unrealized capital gain (loss)	**(7,111)**	**-**	**(64,429)**	**(71,540)**	19,920
Excess (deficiency) of revenue over expenses	**675,070**	**(794,481)**	**(171)**	**(119,582)**	1,657,968
Balance, beginning of year	**252,782**	**2,178,537**	**1,686,833**	**4,118,152**	2,460,184
Balance, end of year	**927,852**	**1,384,056**	**1,686,662**	**3,998,570**	4,118,152

The accompanying notes are an integral part of these financial statements

Lake of the Woods District Hospital Foundation
Statement of Cash Flows
For the year ended March 31, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	**(119,582)**	1,657,968
Non-cash items		
Amortization	**13,066**	13,066
Change in unrealized gains/losses on investments	**71,540**	(19,920)
Realized capital gains	**(2,954)**	(33,789)
	(37,930)	1,617,325
Changes in working capital accounts		
Accounts receivable	**4,260**	854
Prepaid expenses and deposits	**(1,082)**	(4,478)
Accounts payable and accruals	**269,176**	750,656
Deferred contributions	**(19,571)**	34,571
	214,853	2,398,928
Investing		
Net purchase of investments	**-**	(608,460)
Net proceeds on disposal of investments	**156,314**	-
	156,314	(608,460)
Increase in cash resources	**371,167**	1,790,468
Cash resources, beginning of year	**2,481,658**	691,190
Cash resources, end of year	**2,852,825**	2,481,658

1. Significant accounting policies

Purpose of the Foundation

The Lake of the Woods District Hospital Foundation was incorporated November 13, 1992 for the purpose of raising, holding and investing funds for capital projects of the Lake of the Woods District Hospital as approved by the hospital's Board of Trustees. The Lake of the Woods District Hospital Foundation is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

Basis of accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in funds. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board. These interfund transfers are recorded in the statement of changes in net assets. For financial reporting purposes, the accounts have been classified into the following funds:

General Fund
The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. The General Fund reports unrestricted resources available for immediate purposes.

Donor Designated Fund
The Donor Designated Fund reports restricted resources that are to be used for purposes as specified by the respective donors.

Endowment Fund
The Endowment Fund includes those funds where either donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis.

Revenue recognition

Donations and bequests are recorded on a cash basis.

Unrestricted and restricted contributions are recognized as revenue of the General Fund, Donor Restricted Fund or the Endowment Fund in the year received.

Recognition of Pledge
Because of the uncertainty of the collectibility of pledges, the Foundation recognizes only those pledges for which contributions have been received at the date of the financial statements.

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Investment Income

The investments of the Foundation are recorded at fair market value. Investment income includes dividends, interest and realized and unrealized gains.

1. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm’s length financial instruments are recorded at fair value at initial recognition.

Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives as follows:

	Method	**Rate**
Donor board	straight-line	5 years

2. Cash

The Foundation's bank accounts are held at a chartered bank and earn interest at prime minus 2%.

3. Capital assets

	Cost	***Accumulated amortization***	***2026 Net book value***	*2025 Net book value*
Donor board	**65,331**	**29,399**	**35,932**	48,998

4. Investments

The investment portfolio was comprised of the following at year-end:

	2026	2025
Measured at fair value:		
Cash accounts (cost - $17,736)	**17,736**	14,474
Bonds funds and fixed instruments (cost - $992,596)	**980,784**	1,842,593
Equity funds (cost - $1,096,273)	**1,262,732**	629,085
	2,261,252	2,486,152

5. Accounts payable and accruals

	2026	2025
Trade and accrued liabilities	**9,251**	7,945
Payable to Lake of the Woods District Hospital	**1,140,894**	873,024
	1,150,145	880,969

Included in accounts payable and accruals are government remittances of $nil (2025 - $nil).

6. Financial instruments

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising through its investment portfolio held in bond funds with fixed interest rates, resulting in changes in fair value of the bonds as market interest rates for similar bonds change.

The Foundation manages its interest rate risk through limiting funds invested in bonds. The Foundation's investment manager invests in bonds either directly or indirectly by investing in short term income funds. At March 31, 2026, 44% (2025 - 75%) of its investments were held in bond funds and fixed instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's operating cash accounts are held at a major institution and with Manitou's custodian RBC Investor & Treasury Services.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation limits its exposure to changes in currency by having limits on holdings in foreign investments. At March 31, 2026, 56% (2025 - 25%) of its investments were held in global equity funds.

6. Financial instruments *(Continued from previous page)*

Market Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to market risk as its investment portfolio includes both equity instruments and debt instruments (bonds) that are subject to market volatility. The markets are affected by a number of factors including changes in interest rates, availability of financing, exchange rates and general economic conditions. The market fluctuations have the potential to create both gains and losses within the investment portfolio.

To minimize market risk, the Foundation follows investment policy guidelines which limit investment in both common shares and bonds to an upper limit along with holding bonds in certain credit ratings. At March 31, 2026, 56% (2025 - 26%) of its investments were held in equity funds.

There were no changes in the nature of this risk from the prior year.

7. Standby Letter of Credit

The Foundation has a standby letter of credit with a chartered bank in the amount of $39,000. Subsequent to the year-end, this was increased to $86,000. The balance is due on demand to the Alcohol and Gaming Commission of Ontario in relation to the monthly Early Bird Draws for the Foundation's online 50/50 lottery. None of the balance has been demanded as of March 31, 2026.

8. Commitments

The Foundation has made a commitment to the Lake of the Woods District Hospital to raise $9.5 million and transfer $8.5 million over fiscal years 2025 through 2029 as part of a comprehensive capital plan. $6,386,813 of this commitment has been fulfilled and transferred to the end of 2026. Subsequent to the completion of the commitment towards the capital plan, the Foundation will undertake a campaign to fulfill its commitment of $5 million towards the construction of a new hospital.